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Southeastern Indiana REMC

P. O. Box 196

May 1, 1997

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W. Room 222
Washington, D.C. 20554

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FCC MAIL ROOM

Subject: Comments on "Amendment of Rules and Policies Governing Pole Attachments"
CS Docket No. 97-98 (NOPR Adopted March 14, 1997)

As a small electric cooperative we are currently exempted from the FCC rules governing maximum just and reasonable rates that utilities may charge for foreign attachments made to our pole, duct, conduit or right-of-way. My experience in determining just and reasonable rates for pole attachments leads me to the conclusion that the proposed maximum rate formula developed in Section III. A. (including Appendix A - Pole Attachment Formulas) is probably grossly inadequate to compensate the host utility due to foreign pole attachments.

I am enclosing a copy of the cost methodology that I have used in the past to determine maximum just and reasonable foreign pole attachment rates.

My basic disagreement is in the determination of responsibility for the joint and common pole space required on the pole to meet the NESC requirement of 18.5 feet ground clearance. To meet this clearance requirement attachments would probably be required at the 20 foot (above grade) level or greater depending on conductor or cable sag (with NESC loading district, temperature, wind or ice loading, and conductor or cable swing envelope taken into account). Foreign pole attachment owners have a responsibility to share in the cost of providing this joint and common required pole space. This lower portion of the pole is required to support all the attachments made to the upper portion of the pole. There should be no "Free Riders" who have no pecuniary responsibility for the required joint and common pole space.

Respectfully submitted,

Robert H. Mackey

Robert H. Mackey, General Manager
Southeastern Indiana REMC
Phone: 812-689-4111

Enclosure

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REMC AND TELEPHONE RATE CALCULATION FOR JOINT-USE OF POLES

<u>Classification</u>	<u>Source</u>	<u>Amount</u>
1. Historical Unit Pole Cost (80%-35' + 20%-40')	From C.P.R.'s Account #364	\$167.33 *
2. Joint-Use Allocation Factor	Pole Space Allocation	0.45
3. Carrying Cost Charge Rate	Expenses Fixed & Variable	19.03%
4. Annual Pole Attachment Rate	(1 X 2) X 3	\$ 14.33

* As of August 1995



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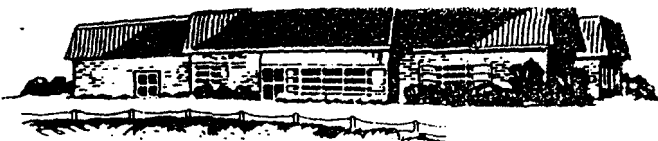
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HISTORICAL UNIT POLE COST

<u>Source</u>	<u>Amount</u>
1. 80% of average pole cost of 25', 30' & 35' poles	\$118.78
2. 20% of average pole cost of 40' & 45' poles	\$ 48.55
3. Total historical unit pole cost (1 + 2)	\$167.33



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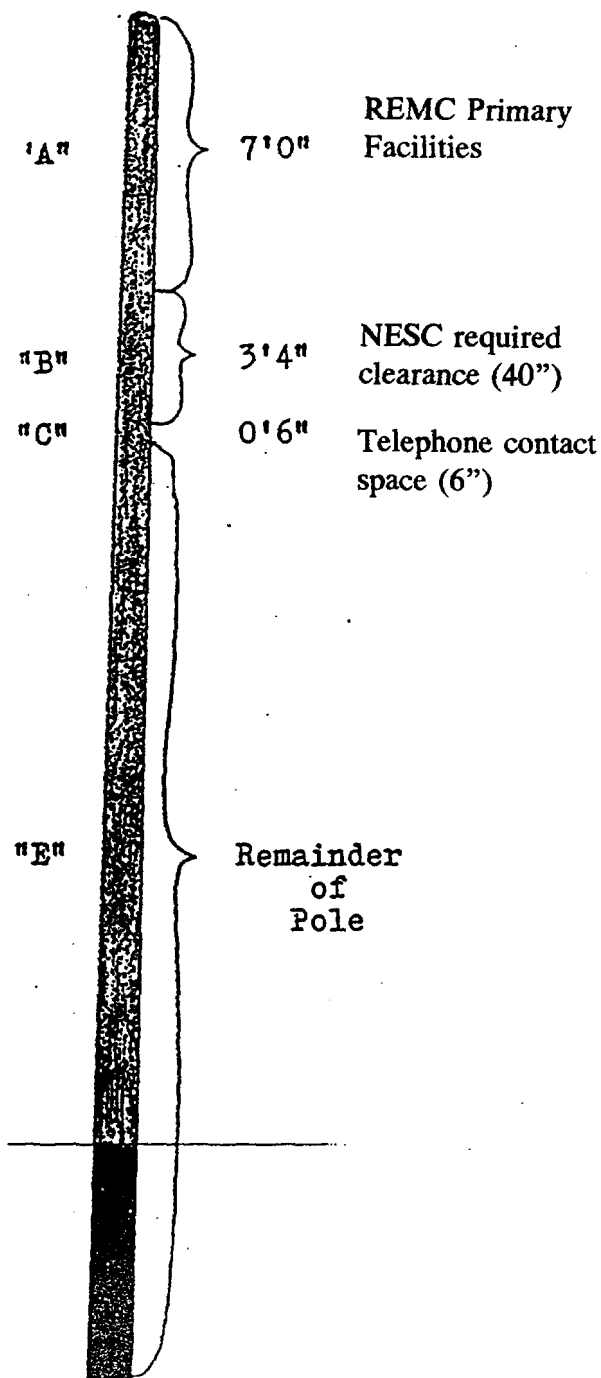
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Standard Joint-use Pole



FCC MAIL ROOM Space Allocations

Section	REMC	Joint-Use
A	100%	-0-
B	50%	50%
C	-0-	100%
E	50%	50%

CALCULATION OF JOINT-USE ALLOCATION FACTOR:

Telephone on REMC pole:
REMC Space = 7.0'
Telephone Space = 6" (0.5')
Joint Space = 35'-7.5' = 27.5'

Power and Joint Space =
27.5' + 7.0' = 34.5'

Telephone and Joint Space =
27.5' + .5' = 28.0'

Cost Allocation Factor
(Telephone on REMC Pole)
28'
34.5' + 28' = 44.8% or 45%

REMC on Telephone pole Allocation
100% - 45% = 55%



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COST OF CAPITAL *

<u>Source</u>	<u>Amount</u>
1. Interest on Long Term Debt	5.45%
2. Debt Capitalization Ratio	0.3886
3. Total Interest Capitalization (1 X 2)	2.12%
4. Required Return on Equity	8.0
5. Equity Capitalization Ratio	0.6114
6. Total Equity Capitalization (4 X 5)	4.89%
7. Cost of Capital	7.01%

AVERAGE PLANT *

<u>Item</u>	<u>Source</u>	<u>Amount</u>
1. Average Total Utility Plant	Form 7, Part E, Line 42 Column A + E ÷ 2	\$39,865,535
2. Average Total Distribution Plant	Form 7, Part E, Line 15 Column A + E ÷ 2	\$36,983,642



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CARRYING COST CHARGE RATE * FIXED AND VARIABLE EXPENSES

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<u>Item</u>	<u>Source</u>	<u>Amount</u>
1. Depreciation	Based on Average Rate to Depreciate Plant in Account #364	3.5%
2. Property Taxes	Form 7, Part A, Line 13 ÷ Average Total Utility Plant	.83%
3. Operating Expenses	Form 7, Part A, Line 5 ÷ Average Total Distribution Plant	.53%
4. Maintenance Expenses	Form 7, Part A, Line 6 ÷ Average Total Distribution Plant	3.39%
5. Administration & General Expenses	Form 7, Part A, Line 10 ÷ Average Total Distribution Plant	3.77%
6. Cost of Capital	Page 4	7.01%
7. Total Expenses	(1 + 2 + 3 + 4 + 5 + 6)	19.03%
8. Carrying Cost Charge Rate		19.03%